

**MEETING OF THE
CALIFORNIA COMMISSION ON TAX POLICY IN THE NEW ECONOMY**

www.caneweeconomy.ca.gov

Newport Beach City Council Chambers
3300 Newport Boulevard
November 17, 2003

AGENDA

9:30 AM Chairman Bill Rosendahl

Meeting called to order
Announcements
Roll Call and Introductions

9:45 AM Commissioner Marilyn Brewer
 Homer Bludau, City Manager

Welcoming Remarks

9:50 AM Chairman Bill Rosendahl

Commissioners will discuss and vote on the tax and budget reform proposals listed below. Public comment is welcome before each issue is discussed.

Sales Tax

- Improve the collection of the use tax on remote sales.
- Broaden the sales tax base to include selected services and reduce the sales tax rate to retain revenue neutrality.
- Eliminate selected sales and use tax exemptions or exclusions.

Property Tax

- Property/sales tax swap: Change the mix of local general-purpose revenue by decreasing the amount of sales tax revenue and replacing it with property tax revenue.
- Periodically reassess non-residential property to market value.

Agendas for public bodies supported by the California Technology, Trade and Commerce Agency are available at <http://commerce.ca.gov>. For additional information regarding this notice, please contact Martha Jones, California Research Bureau, California State Library, 900 N Street, Suite 300, Sacramento, CA, 95814, (916) 653-6742, or email her at: mjones@library.ca.gov.

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AGENDA (continued)

Local Taxes

- Constitutionally protect local revenues: Provide a constitutional minimum allocation of property taxes to local governments.
- Reduce the vote threshold now required for approval of local special tax measures from two-thirds to 55 percent.

Other Tax Policy Options

- State tax court: California should establish a state tax court to resolve all tax disputes, including personal income tax, corporate income tax, sales and use tax, property taxes, payroll taxes, and excise taxes.
- Flat-rate taxes: Eliminate all current taxes in California except for “sin taxes,” such as cigarette and alcohol taxes, and establish two new taxes, a six-percent flat-rate personal income tax and a six-percent flat-rate business value-added-tax.

Proposed Structural Reforms of the State Budget Process

Amend the California Constitution to do the following:

- Revise the current spending limit - In order to make the spending limit more transparent, revise it to limit spending based on the prior year level, adjusted for population and economic growth.
- Reserve requirement - In order to reduce the fiscal shock of economic downturn, require the maintenance of a reserve.
- Rebalancing an unbalanced budget - Establish a system for rebalancing the state budget when it becomes unbalanced.
- Multi-year budget planning requirement - Initiate a fiscal planning requirement that will require the state budget process to plan longer than 12 months.
- Implement changes that would foster a “culture of accountability” in the budget process.

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12:30 PM Break for Lunch

1:15 PM Chairman Bill Rosendahl
 Martha Jones, California Research Bureau

 Discussion of Final Report
 Discussion of *Scoring of Selected California Taxes*, prepared by the Tax
 Policy Group of Joint Venture: Silicon Valley Network

 Concluding remarks / final comments

 Adjourn

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